

103^D CONGRESS
2^D SESSION

S. 2032

To amend the Energy Policy and Conservation Act with respect to purchases from the Strategic Petroleum Reserve by entities in the insular areas of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 20 (legislative day, APRIL 11), 1994

Mr. AKAKA (for himself and Mr. INOUE) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Energy Policy and Conservation Act with respect to purchases from the Strategic Petroleum Reserve by entities in the insular areas of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Emergency Petroleum
5 Supply Act”.

1 **SEC. 2. PURCHASES FROM THE STRATEGIC PETROLEUM**
2 **RESERVE BY ENTITIES IN THE INSULAR**
3 **AREAS OF THE UNITED STATES.**

4 (a) GENERAL PROVISIONS.—Section 161 of the En-
5 ergy Policy and Conservation Act (42 U.S.C. 6241) is
6 amended by adding at the end the following new sub-
7 section:

8 “(j)(1) With respect to each offering of a quantity
9 of petroleum product during a drawdown of the Strategic
10 Petroleum Reserve:

11 “(A) A purchaser located in an eligible insular
12 area of the United States, in addition to having the
13 opportunity to submit a competitive bid, may submit
14 (at the time bids are due) a binding offer, and shall
15 on submission of the bid be entitled to purchase a
16 category of a petroleum product specified in a notice
17 of sale at a price equal to the average of the success-
18 ful bids made for the remaining quantity of petro-
19 leum product within the category that is the subject
20 of the offering.

21 “(B) A vessel that arrives at a delivery line of
22 the Strategic Petroleum Reserve to take on a petro-
23 leum product for delivery to a purchaser located in
24 an eligible insular area of the United States shall be
25 loaded ahead of other vessels waiting for delivery if
26 the Governor or other chief executive officer of the

1 eligible insular area of the United States certifies
2 that delivery must be expedited to avert a critical
3 supply shortage in the eligible insular area of the
4 United States.

5 “(2)(A) In administering this subsection, and with re-
6 gard to each offering, the Secretary may impose the limi-
7 tation described in subparagraph (B) or (C) that results
8 in the purchase of the lesser quantity of petroleum
9 product.

10 “(B) The Secretary may limit the quantity that any
11 one purchaser may purchase through a binding offer at
12 any one offering to $\frac{1}{12}$ of the total quantity of petroleum
13 products that the purchaser imported during the previous
14 year.

15 “(C)(i) Subject to clause (ii), the Secretary may limit
16 the quantity that may be purchased through binding offers
17 at any one offering to 3 percent of the offering.

18 “(ii) If the Secretary imposes the limitation stated
19 in clause (i), the Secretary shall prorate the quantity
20 among the purchasers who submitted binding offers.

21 “(3) In administering this subsection, and with re-
22 gard to each offering, the Secretary shall, at the request
23 of a purchaser—

24 “(A) if the quantity is less than 50 percent of
25 1 full tanker load less than a whole-number incre-

1 ment of a full tanker load of a petroleum product,
2 adjust upward, to the next whole-number increment
3 of a full tanker load, the quantity to be sold to the
4 purchaser; or

5 “(B) if the quantity is 50 percent of 1 full
6 tanker load more than a whole-number increment of
7 a full tanker load of a petroleum product, adjust
8 downward, to the next whole-number increment of a
9 full tanker load, the quantity to be sold to the pur-
10 chaser.

11 “(4)(A) Except as provided in subparagraph (B), pe-
12 troleum products purchased through binding offers pursu-
13 ant to this subsection shall be delivered to the eligible in-
14 sular area of the United States.

15 “(B) Purchasers may enter into exchange or process-
16 ing agreements that require delivery to other locations.

17 “(5) As used in this subsection:

18 “(A) The term ‘eligible insular area of the
19 United States’ means the State of Hawaii, the Com-
20 monwealth of Puerto Rico, the Virgin Islands,
21 Guam, American Samoa, and the Commonwealth of
22 the Northern Mariana Islands.

23 “(B) The term ‘offering’ means a solicitation
24 for bids to be submitted not later than any specified
25 day for a quantity or quantities of crude oil or petro-

1 leum product from a delivery line of the Strategic
2 Petroleum Reserve.”.

3 (b) EFFECTIVE DATES.—The amendments made by
4 subsection (a) shall remain in effect until such time as
5 the Secretary promulgates and implements regulations
6 pursuant to section 3.

7 **SEC. 3. REGULATIONS.**

8 (a) DEFINITIONS.—For the purposes of this sec-
9 tion—

10 (1) the term “insular area” means the State of
11 Hawaii, the Commonwealth of Puerto Rico, the Vir-
12 gin Islands, Guam, American Samoa, and the Com-
13 monwealth of the Northern Mariana Islands; and

14 (2) the term “eligible purchaser” means—

15 (A) an insular area government; or

16 (B) a person who owns a refinery that—

17 (i) is located in an insular area; or

18 (ii) has supplied refined petroleum
19 product to an insular area within the year
20 immediately preceding the sale, or within
21 another period the Secretary determines to
22 be representative of recent imports to the
23 insular area.

24 (b) IN GENERAL.—The Secretary shall issue regula-
25 tions that provide benefits for insular areas during the sale

1 of petroleum product withdrawn from the Strategic Petro-
2 leum Reserve.

3 (c) CONTENT.—The regulations issued under sub-
4 section (a)—

5 (1) shall permit an eligible purchaser to pur-
6 chase petroleum product—

7 (A) at a price equal to the average price of
8 comparable quality petroleum product sold at
9 the contemporaneous competitive sale of petro-
10 leum product withdrawn from the Strategic Pe-
11 troleum Reserve; or

12 (B) if no comparable quality petroleum
13 product sold at the contemporaneous competi-
14 tive sale, at a price estimated by the Secretary
15 to be equivalent to the price described in sub-
16 paragraph (A);

17 (2) shall provide for priority cargo lifting of pe-
18 troleum product purchased by an eligible purchaser
19 at a competitive sale or under paragraph (1);

20 (3) may limit the amount of petroleum product
21 that may be purchased under paragraph (1) during
22 a sales period—

23 (A) by an eligible purchaser, to no less
24 than $\frac{1}{12}$ of the total amount of petroleum prod-
25 uct that the purchaser brought into an insular

1 area during the year immediately preceding the
2 sale or during another period the Secretary de-
3 termines to be representative of recent imports
4 to the insular area; or

5 (B) by all eligible purchasers, to no less
6 than 3 percent of the amount of petroleum
7 product offered for sale during the sales period
8 prorated among the eligible purchasers;

9 (4) may provide that, at the request of a pur-
10 chaser, the quantity of petroleum product to be sold
11 to the purchaser may be adjusted upward or down-
12 ward, to the next whole-number increment of a full
13 tanker load, if the quantity that otherwise would be
14 sold is less than a whole-number increment;

15 (5) may establish procedures for qualifying an
16 entity as an eligible person before a sale of petro-
17 leum product withdrawn from the Strategic Petro-
18 leum Reserve;

19 (6) may require an eligible purchaser to comply
20 with financial and performance responsibility re-
21 quirements applied to offerors in competitive sale;

22 (7) except as otherwise provided by this sub-
23 section, may require an eligible purchaser who pur-
24 chases petroleum product under paragraph (1) to

1 comply with standard contract provisions applied to
2 purchasers at competitive sales;

3 (8) may ensure, to the extent practicable, that
4 an eligible purchaser who receives benefits under
5 paragraph (1) or (2) passes on the benefits to an in-
6 sular area;

7 (9) may require an eligible purchaser who re-
8 ceives benefits under paragraph (1) or (2) to furnish
9 the Secretary with documents and other appropriate
10 information to determine compliance with this sub-
11 section; and

12 (10) may establish procedures for imposing
13 sanctions on an eligible purchaser who receives bene-
14 fits under paragraph (1) or (2) and who does not
15 comply with the requirements of this subsection.

16 (d) PLAN AMENDMENTS.—No amendment of the
17 Strategic Petroleum Reserve Plan or the Distribution Plan
18 contained in the Strategic Petroleum Reserve Plan is re-
19 quired for any action taken under this subsection if the
20 Secretary determines that an amendment to the plan is
21 necessary to carry out this section.

22 (e) ADMINISTRATIVE PROCEDURE.—Regulations is-
23 sued to carry out this subsection shall not be subject to
24 the requirements of section 523 of the Energy Policy and
25 Conservation Act (42 U.S.C. 6393) or of section 501 of

1 the Department of Energy Organization Act (42 U.S.C.
2 7191).

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